

## Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

SWF-02 IO-14 /179 R

DRAFTED BY EB/OT/STA:WTDIROLL:CLJ

APPROVED BY EB/OT/STA:EWKEMPE

EA/J:THUBBARD

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R 181723Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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E.O. 11652: GDS

TAGS: ETRD,JA

SUBJECT: BALL BEARING ESCAPE CLAUSE ACTION--JAPANESE

REQUEST CONSULTATIONS

REF: STATE 62722

1. JAPANESE COMMERCIAL MINISTER HARADA TOLD DEPARTMENT OFFICERS APRIL 17 THAT HE HAD BEEN INSTRUCTED TO NOTIFY UNITED STATES GOVERNMENT OFFICIALS THAT THE GOJ WOULD LIKE TO ENTER INTO IMMEDIATE CONSULTATIONS UNDER ARTICLE XIX OF THE GATT FOR THE PURPOSE OF SEEKING DISINVOCATION OF THE BALL BEARING ESCAPE CLAUSE ACTION OR "JUST COMPENSATORY MEASURES FOR SUCH ACTION". IN REITERATING JAPANESE VIEW THAT AMERICAN INDUSTRY IS NOT BEING SERIOUSLY INJURED, HARADA MADE FOLLOWING POINTS: (A) IF THE ESCAPE CLAUSE TARIFF INCREASES WERE TO BE CONTINUED, GOJ WOULD HAVE TO CONCLUDE THAT THEY WERE IMPLEMENTED WITHOUT THE GATT

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ARTICLE XIX SERIOUS INJURY REQUIREMENT BEING SATISFIED;

(B) USG RESORTED TO SAFEGUARD ACTION WITHOUT ADEQUATE PRIOR CONSULTATION WITH GOJ, (C) ALTHOUGH GOJ DID NOT PRESS FOR IMMEDIATE COMPENSATION FOR EARTHENWARE ESCAPE CLAUSE ACTION, ITS FOREBEARANCE SHOULD NOT BE CONSIDERED A PRECEDENT IN RELATION TO THE BALL BEARING ACTION.

2. DEPARTMENT OFFICER RESPONDED TO THE REQUEST FOR CONSULTATIONS ALONG LINES LAID OUT IN PARAGRAPH SEVEN OF REFTTEL, EXPRESSING REGRET OVER GOJ DECISION TO PRESS FOR IMMEDIATE

RESOLUTION. ALSO INDICATED USG RECOGNIZES ARTICLE XIX OBLIGES A CONTRACTING PARTY TAKING SAFEGUARD ACTION TO CONSULT AND ANTICIPATED AN AFFIRMATIVE RESPONSE TO THE GOJ FORMAL REQUEST. ON THE OTHER ISSUES RAISED BY HARADA HE EMPHASIZED THAT THE USG ACTION WAS FULLY CONSISTENT WITH THE GATT ARTICLE XIX REQUIREMENTS. IN ELABORATION HE DREW ATTENTION TO THE THOROUGHNESS WITH WHICH THE USG HAD INVESTIGATED THE MATTER, RECALLING THAT THE PRESIDENT HAD REQUESTED A SUPPLEMENTAL REPORT FROM THE TARIFF COMMISSION TO ASSIST HIM IN REACHING A DECISION, AND THAT WHILE THE TARIFF COMMISSION WAS UNANIMOUS IN FINDING THAT GREATLY INCREASED LOW-PRICED IMPORTS WERE CAUSING SERIOUS INJURY TO THE DOMESTIC INDUSTRY, THE PRESIDENT ACCEPTED THAT FINDING ONLY AFTER THOROUGH ASSESSMENT OF THE FACTS IN THE CASE. ALTHOUGH, AS NOTED BY HARADA, THE PRESIDENT HAD IMPOSED RATES SOMEWHAT HIGHER THAN THOSE SUGGESTED BY THE TARIFF COMMISSION, THE HIGHER RATES APPLIED ONLY TO LOW-PRICED BEARINGS AND ONLY TO THREE CATEGORIES RATHER THAN SIX AS PROPOSED BY THE TARIFF COMMISSION SO THAT SUBSTANTIALLY LESS JAPANESE TRADE WAS AFFECTED.

3. DEPARTMENT SPOKESMAN INDICATED GOJ HAD FULL OPPORTUNITY TO MAKE ITS VIEWS KNOWN AT ALL STAGES OF TARIFF COMMISSION AND PRESIDENTIAL CONSIDERATION OF THE PROBLEM, RECALLING TESTIMONY ON BEHALF OF JAPANESE EXPORTERS DURING TARIFF COMMISSION PUBLIC HEARING AND DISCUSSIONS WITH JAPANESE EMBASSY REPRESENTATIVES WHILE MATTER WAS BEFORE THE PRESIDENT FOR A DECISION.

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4. HE ALSO NOTED THAT THE USG HAD NOT TAKEN ESCAPE CLAUSE ACTION ON BRASS WIND MUSICAL INSTRUMENTS AND THAT BOTH THE SHEET GLASS AND PIANO ESCAPE CLAUSE ACTIONS HAD BEEN PERMITTED TO EXPIRE, ALL ITEMS IN WHICH JAPANESE TRADE WITH THE UNITED STATES IS IMPORTANT. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, BEARINGS, ESCAPE CLAUSE (TARIFF), TARIFF NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** WTDIROLL:CLJ  
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**Film Number:** D740090-1185  
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**Review Authority:** MorefiRH  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BALL BEARING ESCAPE CLAUSE ACTION--JAPANESE REQUEST CONSULTATIONS  
**TAGS:** ETRD, EIND, JA, US, GATT  
**To:** TOKYO  
**Type:** TE  
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